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Exhibit 2

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What is Rifts®?

Rifts® the role-playing game

Rifts® is a fascinating, pen and paper **role-playing game** that has delighted gamers for 15 years. It crosses and combines every genre – science fiction, fantasy, horror, the supernatural, super-heroes, dimensional travel, magic, monsters, and more – in a wild, post-apocalyptic setting limited only by the imagination of the players.

Over a million gamers have already played Rifts®, now millions more are about to discover **Rifts®** through videogames, film and a new edition role-playing game.

Rifts® the videogame

Rifts® will soon be a videogame for the Nokia N-Gage QD. The first ever videogame based on the world-renowned and much-loved **Rifts®** pen-and-paper role-playing game will be arriving on store shelves later this year. **Rifts® Promise of Power™** will be a classic mix of real time movement, turn-based combat and a diverse party of adventurers in a variety of 3D environments for the N-Gage QD Game Deck. To get a glimpse of what this impressive game will offer, go to the web site:

www.rifts-promiseofpower.com

Rifts® the movie

Rifts® may soon be a movie. For those of you who haven't yet heard, Palladium Books has signed a film option agreement with *Walt Disney Pictures* to have **Jerry Bruckheimer Films** (*Pirates of the Caribbean*, *Top Gun*, *The Rock*) develop a live action, major motion picture based on the **Rifts®** role-playing game. Writer, David Franzoni (*Gladiator*) is working on the **Rifts®** movie script.

The Rifts® Story

The concept is simple and provocative . . .

Sometime in Earth's future, after a Golden Age of peace and technological advancement, the face of the planet is decimated by the return of magic and the *Coming of the Rifts*. Cities fall, civilization collapses, billions of people perish, and portals to a thousand alien worlds open across the face of the planet.

The story of Rifts® picks up 300 years later. Humankind has, at last, crawled out of a 200 year long Dark Age to reassert itself in the world. Only this world – Rifts Earth – is as strange as any alien planet. Reshaped by dimensional energies, inhabited by alien beings and changed by magic from the Rifts, humankind must learn to adapt to this strange new world.

The Rifts are tears in the fabric of space and time. They are found along ley lines – natural lines of mystic energy. Where two or more ley lines intersect, a Rift may form (or be opened) to create a dimensional portal to virtually anywhere and anywhen. Opening a Rift enables characters to travel from one end of the planet to the other in a heartbeat, and beyond, to an infinite number of alien worlds and dimensions.

The problem is hundreds, perhaps thousands, of alien, demonic, magical and superhuman beings have used the Rifts

to cross into Earth. Wondrous and monstrous creatures reside alongside humans and often compete for dominance over the land and its people.

The Earth has become a place of contradiction and infinite possibilities. Alien and supernatural beings roam the planet. Ancient gods, vampires, faeries, dragons, and alien monstrosities co-exist with human cyborgs, androids, giant robots, high-tech mercenaries and dimensional raiders. Creatures of myth and legend, demons and aliens visit regularly. Some use magic to bolster their already formidable powers, while humans augment themselves with nano-implants, bionics, power armor, chemical enhancement, magic and alien technologies in an ongoing battle of survival.

Beyond Rifts Earth is the infinite Megaverse® – worlds without end, accessible through the dimensional Rifts!

Rifts® is a multi-genre role-playing game that captures the imagination unlike any other game setting. Elements of magic, horror, and the supernatural co-exist with science, high technology and the ordinary. The game spans countless dimensions, making anything and everything possible.

Players are truly limited only by their imaginations!

Rifts® Role-Playing Game, Ultimate Edition

Rifts® Ultimate Edition is a completely rewritten and updated version of the popular, original game played and enjoyed by an estimated 1.5 million gamers.

The rules will be tweaked and clarified. The characters and setting expanded and defined. There will be more world information, tips on how to use the Rifts time-line and World Books, rewrites on Occupational Character Classes (O.C.C.s), and in some cases, expansions of, and more details on, O.C.C.s like the Cyborg, Headhunter, Ley Line Walker, Techno-Wizard, Shifter and others.

The information will also be better organized, the rules clearly explained, the writing crisp and compelling. The wonder and infinite possibilities of **Rifts®** all brought to pulse-pounding life like never before.

Our goal is to make **Rifts®** even more exciting and compelling, while at the same time making the rules better organized, clearer and easier to use. Of course, there will be a few fun changes and additions, but nothing so dramatic as to make the 40+ available sourcebooks obsolete.

August 2005 will be the release date! Appearing in stores and at Gen Con Indy around the same time, almost exactly 15 years to the day the original **Rifts® RPG** made its debut.

Collectors looking to snag a copy of **Rifts® Ultimate Edition's first printing** should do so quickly, as we expect the demand to be heavy. Serious collectors may also want to get the signed and numbered **Rifts® Ultimate Gold** (available only from Palladium Books; taking pre-orders now).

The Rifts® RPG Ultimate Edition may be used as a stand-alone role-playing game or combined with characters and elements from the entire Palladium *Megaverse®*. Players can easily bring in characters from **The Palladium Fantasy RPG®, Heroes Unlimited™, Splicers™, Nightbane®, Beyond the Supernatural™, Mechanoid Invasion®,** or any of Palladium's RPG lines.

- **Approximately 30 unique Occupational and Racial Character Classes, including Cyber-Knights, cyborgs, Glitter Boys, Psi-Stalkers, Dog Boys (mutant humanoid dogs), Juicers, Crazies, Techno-Wizards, Ley Line Walkers, Mystics, Shifters, Elemental Fusionists, Mind Melters, and many others.**
- **Supernatural and magical creatures, like dragons, available as player characters, others are horrifying menaces from the Rifts.**
- **Bionics and cybernetics offer a vast range of mechanical augmentation. While chemical enhancement (Juicers) and brain implants (Crazies) can turn a human into a superman, though with tragic results.**
- **Psychic powers are the source of the Burster, Mind Melter and Mystic's abilities.**

- Strange forms of magic are at the command of characters like the Ley Line Walker, Shifter, Elemental Fusionist, Rifter and Techno-Wizard (who combine magic and technology).
- Super-technology with Mega-Damage™ body armor, energy weapons, rail guns, power armor, and human augmentation.
- The Coalition States. Humankind's salvation, or its own worst nightmare?
- Character sheets.
- Cover by Scott Johnson.
- Color end sheets by John Zeleznik.
- New artwork and color pages throughout.
- Written and created by Kevin Siembieda.
- 376 pages, including color sections.
- Cat. No. 800-HC – ISBN 157457-150-8 .

Note: See Palladium's online catalog at www.palladiumbooks.com for more details about the limited edition Rifts® Ultimate Gold™ and other Palladium pen-and-paper role-playing games.

Core Rifts® Sourcebooks

Rifts® Game Master Guide™ – 352 pages of weapons, equipment, body armor, robots, power armor, and vehicles from every *Rifts® World Book #1-23*, *Sourcebooks #1-4* and *Siege on Tolkeen™ #1-6*! Plus maps, experience tables, pionscs, skills, O.C.C. and R.C.C. listings, Game Master tips, 101 adventure ideas and more. See Palladium's online catalog at www.palladiumbooks.com for details.

- Written by Kevin Siembieda and others.
- 352 pages. Cat. No. 845 – ISBN 157457-067-6

Rifts® Book of Magic™ – Core Book – 352 pages of magic. Every magic spell and item from World Books #1-23, Sourcebooks #1-4 and Siege on Tolkeen #1-6. More than 850 magic spells in all! See Palladium's online catalog at www.palladiumbooks.com for details.

- Written by Kevin Siembieda and others.
- 352 pages. Cat. No. 848 – ISBN 157457-069-2

Rifts® Adventure Guide is an excellent beginner's reference for creating and running **Rifts®** adventures and campaigns. Sound suggestions, tips, information, creation tables, and more than 150 adventure ideas! See Palladium's online catalog at www.palladiumbooks.com for details.

- Written by Siembieda, Wujcik and Coffin.
- 192 pages. Cat. No. 849 – ISBN 157457-072-2

Rifts® World Books

Big sourcebooks centered around specific places, cities and people of the world. Each offering information on the cultures, technology, monsters, villains and dangers of the region. Most include new Occupational Character Classes (O.C.C.s), alien races (R.C.C.s), monsters, weapons, equipment, and/or magic, as well as adventure ideas. Each typically range in size from 160-224 pages. See Palladium's online catalog at www.palladiumbooks.com for details.

Some of the “most” popular **Rifts®** World Books include: **Rifts® Vampire Kingdoms™**, **Rifts® Atlantis (One)**, **Rifts® England**, **Rifts® Triax™** & **The NGR**, **Juicer Uprising™**, **Coalition War Campaign™**, **Federation of Magic™**, **Rifts® Canada**, **Psyscape™**, **The New West™** and **Rifts® Mercenaries**, among others.

Rifts® Sourcebooks & Adventure Sourcebooks

Sourcebooks are smaller, supplemental titles that offer adventures, new villains, equipment and other information for game play. Range in size from 48-124 pages. See Palladium's [online catalog](http://www.palladiumbooks.com) at www.palladiumbooks.com for details.

Rifts® – in the beginning

The genesis of **Rifts®** came from designer, Kevin Siembieda's desire to combine magic and technology, fantasy and science fiction, horror and adventure in one setting where anything was possible. The trick was making that setting seem plausible and balancing the many diverse elements. It took three years for Kevin to come up with the perfect blend and balance, and then six months of work writing, art directing and coordinating final production.

The Rifts® Role-Playing Game made its debut at the Gen Con Game Fair in August of 1990.

Everyone at Palladium Books had faith that **Rifts®** was something special and would be a big hit, but you never know how the fickle winds of the marketplace might blow. Our target number for success: Ten thousand in three months. We felt if the initial press run of 10,000 copies sold out in under three months, we had a bonafide hit.

Rifts® sold out in *three weeks*.

We could hardly keep it in stock and sold approximately 45,000 copies in the first year's time; huge numbers for a pen-and-paper role-playing game. New sourcebooks also flew off the shelves by the tens of thousands, some, like **Rifts® Vampire Kingdoms™**, **Atlantis, England**, **Conversion Book One** and **Triax™ & The NGR**, sold over 100,000 copies each.

Over the last 15 years, **Rifts®** has sold more than 250,000 copies. We estimate 1.5+ million gamers have played **Rifts®** and many times that number have heard of **Rifts®**.

With the release of **Rifts® Ultimate Edition**, the N-Gage videogame and the advent of a major motion picture, it seems like the **Rifts®** saga is only just beginning. Soon an entire new generation of gamers will discover the infinite Megaverse® that is **Rifts®** through videogames, films and role-playing. A game universe that sets the imagination on fire, opens up infinite possibilities and is truly limited only by the imagination.

Isn't it time YOU discovered **Rifts®** and the entire Palladium Megaverse®?

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The Cutting Room Floor

On the "cutting room floor," you will find things that went out of print, were forgotten or left out for other reasons, along with general errata and excluded material from various books.

Supplemental Material

General Palladium

Character Sheets	For various Palladium Games, posted in pdf format. Most systems are here if they have a sheet to put up.
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Palladium Fantasy RPG®

G.M. Shield	This is the First Edition G.M. shield. This Screen has been out of print for several years, but with various requests we thought it'd be nice to put up. This uses the First Edition rules.
Siege Weapons	This is a lengthy article by Bill Coffin that was meant to be in the Western Empire. Yet it found a happy home here.
Currency Pages	These are the Currency Sheets the First Edition of the Palladium Fantasy RPG®. They left out of the updated 2nd edition due to space needs, but with various requests we thought they'd be nice to put up.

Rifts® RPG

RGMCTM	This is the original Rifts® Game Master Companion (bugs and all!)
Rifts® Magic Index	A complete alphabetical list of all Rifts® spells, and their page numbers in the Rifts® Book of Magic .

Errata

After the Bomb® RPG - The two missing maps from the new ATB

JPG Image Map #1 PDF File
JPG Image Map #2 PDF File

Rifts® Ultimate Edition (1st Printing)

Rifts® Ultimate Edition Errata
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Rifts® Africa

Tree People
OCC & R.C.C. Experience Levels
Victor Lazlo
The credit question
Standard Rate of Fire

Rifts® New West

TW Devices left out of New West

The TW Stagecoach
The TW Plow
The TW Horseless Coach

Palladium Fantasy® 2nd Edition

Missing W.P.s, Armor Notes
Nightowls, Elves Notes
Missing Spells
Dual O.C.C.s
S.D.C. of Shields

Miscellaneous Errata

Errata for HU 2nd edition
Errata for Coalition Navy
Miscellaneous Errata for other Rifts® books
Missing Demon Lords from Nightlands™
Yung Huo Jen, Missing from Rifter® #3

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The RGMCTM



The Rifts® Game Master Companion

This is the original Rifts® Game Master Companion. The program was released back in 1995 for a brief period of time before it was pulled from the market due to bugs in the program. So many people have wanted to see it we decided to post it here. Palladium does not warrant the program in any way and can not be held liable for anything that happens if you decide to download and install it on your computer. It is PC based (sorry MAC people).

To install the program please follow the prompts to the page with the three zipped files. Download each file onto a separate disk and unzip them. Follow the install instructions from that point.

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Who is Palladium Books?

This part of our web page is to answer some of the questions about Palladium, its staff and its future. The following article by Kevin Siembieda originally appeared in an issue MOP (the Magic of Palladium) tabloid back in 1990. It has been updated by Kevin in 2001. Hopefully by the time you get to the end of this you'll have a better understanding of us, where we've been and where we are going. Enjoy.

One Game System for all genres!

Palladium is the First!

That's right, Palladium was the very first (to our knowledge) to actively and intentionally implement the working fundamentals of "one" game system. Certainly, we've done it for the longest number of years, with a string of hit role-playing games. It all started in 1979 when every gamer I (Kevin Siembieda) knew, complained about having to adapt new games and/or supplements from one system or another. Even games from the *same* company had different rules and this frustrated them to no end.

I said to myself, "Hmm, if I ever did roleplaying games I'd create 'one' basic set of rules that could be used in *every* possible genre." At the time, everybody, and I do mean EVERYBODY, said you couldn't mix science fiction and fantasy, let alone create a game system that could satisfy both and other settings too. The funny thing was that I was doing just that in my Palladium campaign.

By 1980 I had decided to publish the Palladium Fantasy system and began to make plans. I wanted to publish the game as one, big softbound book, but lacked the financial resources. My pal, Erick Wujcik, suggested I produce some smaller games and put the Palladium RPG on the back burner until I could do it right. This seemed to be my only recourse.

After great thought, and with 3000 dollars in hand, I decided to pull various aspects from my Palladium Fantasy campaign (the Defilers) namely the character generation and combat rules, along with elements from my notorious "Level Five: TechnoLevel". You see, we had played science fiction, cyborgs, robots, modern weapons, and all kinds of mixed genre stuff in the campaign for years, so that part was a snap. **Star Wars**[®] (the movies) had made SF hot and I was pretty excited about doing a science fiction RPG.

1981, The Mechanoid Invasion[®]. As Palladium fans already know, this was my first game, publishing the basic Palladium character and combat system.

1982, Journey[™] and **Homeworld**[™], the other two parts of the **Mechanoid Trilogy**[®]. Journey introduced minor magic and some psionics. **Homeworld**[™] published the full Palladium psionic system and powers extracted from the yet unpublished fantasy system.

1982 also saw the development of the **Palladium Weapons and Armour series**, which presented tons of data on historical weapons, armour and castles compatible with ALL game systems, not just our own. Seven books would complete that series and later be reworked into the **Compendium of Weapons, Armour, and Castles**[™].

1983, still years away from the hype of GURPS, Palladium releases the **Palladium RolePlaying Game**[®] (fantasy). The one universal, dare I say, "Megaversal" game system is presented in all its glory.

1984, the release of **Heroes Unlimited**[™] and the same basic game system, but extrapolated to include superheroes of

all kinds. And still two years away from GURPS, the game generally acknowledged as the father of the "one" universal game system.

1985, see the publication of the **Teenage Mutant Ninja Turtles®**. This was a risky project for us because we had to press 10,000 copies (a lot back then) and sell 6000 copies before we would break even. A great deal of time and money was spent on design, art and packaging. The trick was to design an RPG that would break Palladium into the (then comics only) comic book shop market. As everyone knows, TMNT was a massive success and Palladium's first megahit. We kept that license for 16 years, running through the end of 2000, before we decided to let it go.

1986 saw us release **After the Bomb®**, a series of books that took the idea of *mutant animals* to the limit by making them the masters of a post apocalyptic Earth "after the bomb" hit -- i.e. nuclear holocaust. Generations after nuclear armageddon, humans teetered on the brink of extinction and mutant animals -- some human-like, others more animalistic or monstrous -- have "inherited the Earth!" Thousands of clans, tribes, city-states and kingdoms of mutant animals begin appear around the world, many with diverse cultures and goals, many clashing with one another or the last remaining humans. **The After the Bomb®** was originally a series of 48-112 page sourcebooks that required the **Heroes Unlimited™** or **Ninja Turtle RPG** rule book to play. This series was nearly as popular as the TMNT role-playing game and continues to this day. In fact, the series gets new life **Winter 2001** when its original creator, Erick Wujcik, returns to create the **After the Bomb® Role-Playing Game**, blending a ton of exciting, new material with the old to create a unique stand-alone role-playing game about genetic science and mutation gone wild in the aftermath of nuclear holocaust.

Of course, the **TMNT RPG** and **After the Bomb®** used the same basic rules as our other books (along with new ones and ideas). Likewise **Robotech®** (which made its debut Fall 1986), **Beyond the Supernatural™**, **Ninjas & Superspies™**, **Rifts®**, **Systems Failure™** and just about everything we have ever done ALL use the same, "one," basic RPG system. All the games can be combined and interchanged to create a truly infinite Megaverse of possibilities and adventure.

1986, Steve Jackson Games® releases *GURPS®, the Generic Universal Role Playing System*. Not take anything away from Steve Jackson, 'cuz he *is* one of the great game designers of our industry, but the idea of a "universal" game system wasn't new. Palladium Books had been doing for six years, starting with our first publication back in 1981. Today, those same basic rule and concept of play are still the foundation of our role-playing game, have spawned mega-hit RPG after hit, and is more popular than ever.

Palladium Books®, the FIRST to introduce the Perfect Bound, Trade Paperback format to the RPG industry.

Okay, we're back in time its **1983** and the **Palladium RolePlaying Game®** will hit the shelves that summer. A kind and caring distributor begs me not to publish the game as a "perfect bound trade paperback," because the *standard* (in those days) is *boxed games* or *hardbound books*. Any departure from those two formats will flop. He fears that the soft cover format we plan to use, will kill the game and do irreparable damage to Palladium ("A nice little game company just starting to go places," he says). I greatly appreciate his concern, but this is what I have waited years to publish, and in the softbound format. The game and the format are a success. The same distributor calls me back to congratulate me on a fine product and order more. He's so impressed he actually insist that some of his retail clients take the game on speculation at "his" own risk, something that is rarely done by the RPG "direct market" distributor. (God rest his soul, that was the kind of guy, Joe at Windmill Hobbies was. He is sorely missed.)

All of Palladium's books from that year onward are published as perfectbound trade paperbacks, even our 48 page books. To insure that the pages don't fall out, we take the extra time and pay the extra expense of having the pages *sewn* and glued, making them far much more durable. The product is slick, colorful, and practical. We can hold down

printing costs and keep the selling price low. The consumer can look inside and see exactly what he or she is getting. A winning combination for everybody!

Surprisingly, it is a few years later (1985 or 1986) that other roleplaying game companies begin to use the trade paperback format. I believe Mechwarrior, by FASA was the first. Today, it is an industry standard. We didn't invent the trade paperback, but Palladium's awareness of the (then) new technology gave us an edge, and in the end transformed the look of the entire RPG industry.

CyberPunk in 1984!?

I personally feel that Palladium has never done a classic *cyberpunk* game, not even **Rifts**[®]. However, today, the term "cyberpunk" seems to connote *any* RPG that includes cybernetics, mechanical implants/augmentation, and/or bionics. If that is true, then Palladium published the FIRST cyberpunk RPG back in 1984!!! And depending on how one looks at it, 1981 with **The Mechanoid Invasion**[®].

1984, Heroes Unlimited[™], was released. The game boasted that players could play every type of superhuman hero conceivable. That included, *cyborgs* and *robots*. In fact, the cybernetics and bionics found in **Rifts**[®] are largely inspired by and derivative of **Heroes Unlimited**[™], with bits and pieces from **Ninjas & Superspies**[™] (1988). Other superpowered characters included mutants, mutant animals, aliens, robots, experiments, super-geniuses, stage magicians, physical training, spies, weapon masters, etc. For some dumb reason, I was against having magic in a "modern" world of superheroes, so you couldn't be a "wizard" or magically empowered in the *original* version of **Heroes Unlimited**[™]. The ideas were great, but the rule book was clumsy and plagued by poor layout and many typing mistakes. It did boast a **Jim Steranko** cover and interior art by **Mike Gustovich**. In the end, new ideas, bold concept and great artwork won out and the RPG sold like crazy.

1987, I did a major rewrite of the rules and changed the layout/presentation of **Heroes Unlimited**[™]. I included magic, magic characters and crazy heroes, added about 100 pages, and produced a far superior game than its predecessor. That was **Revised Heroes Unlimited**[™].

1998, the world of comic books, gaming and the real world had changed, and it was time for **Heroes Unlimited**[™], **Second Edition**. I spent nearly a year thinking about how to retool, clarify, improve, and expand the game before diving into the Second Edition. I solicited input from fellow Palladium game designers, freelancers and fans. The end result was a gigantic, 352 page **Heroes Unlimited**[™], **Second Edition** with better descriptions, the Mega-Hero, more super abilities, and dynamic comic book artwork, including a new cover by Steranko.

1999, you would think with a 350 page rule book one could get every possible rule into the darn thing, but we couldn't, so Wayne Breaux Jr. and I whipped up the **Heroes Unlimited**[™] **G.M.'s Guide**. It offers optional rules for superhuman rampages, brawling, quick roll villains, playing vigilantes and anti-heroes, tips on building an adventure, alignment guidelines, the law and new magic, along with 10 full adventures and ideas for more. It was an instant hit.

Today, sales of **Heroes Unlimited**[™], **Second Edition** continue to climb as new gamers discover this vast world of superheroes for themselves. **HU2** allows players to create any type of superhuman and hero he or she can imagine, or recreate their favorites from television, film, books and comics. Supported by a series of new adventure sourcebooks like **Century Station**, **Gramercy Island**[™], **Mutant Underground**[™], **The Nursery**[™], **Aliens Unlimited Galaxy Guide**[™], **Hardware Unlimited**[™], and more, **Heroes Unlimited**[™] is becoming a comic book style sf world in its own right, and as exciting as any comic book series on the market.

Cybernetic implants, disguises, and bionics also appear in **Ninjas & Superspies**[™] (1988), **Rifts**[®] (1990), **Triax & the NGR**[™] (1992), and **Skraypers**[™] (1998), all of which are compatible with **Heroes Unlimited**[™]. To my thinking, however, these books all have a superhero feel. If any of these RPGs have a "cyberpunk" flavor, it's **Ninjas**

& **Superspies™**, written by Erick Wujcik.

1985-2000; Teenage Mutant Ninja Turtles® & Other Strangeness

Palladium was apparently the second (I always thought we were the first) people to license the **Teenage Mutant Ninja Turtles®**. We contacted *Eastman and Laird* back when all there was to the Ninja Turtles were issues number one and two of the black and white comic. We signed the licensing contract as issue number three was hitting the stands.

As much as I liked the Ninja Turtles, I felt the real fun aspect, in a roleplaying context, would be the ability to create *any* kind of mutant animal. That's where the **Other Strangeness** part came in.

The **TMNT** game got off to a bad start. The first designer saw the game simply as a supplement to **Heroes Unlimited™** and didn't want to do the animal mutation rules. The result was a weak regurgitation of **Heroes Unlimited™** and some dull stats on generic mutant animals. The manuscript was rejected.

The project was turned over to *Erick Wujcik*. This guy is probably one of the most creative and innovative game designers in the business. He was under the gun. I needed a finished game in three weeks. Five and a half weeks later, Erick handed me the finished RPG. (Erick never can meet a deadline, but 5 1/2 weeks to do a game like TMNT from scratch is amazing.) The game was an instant hit, selling 10,000 copies in three months.

For a while, Palladium and **Mirage Studios** (the TMNT people) grew at the same pace, then the Turtles exploded on the mass market to become one of the most widely promoted and merchandised licenses in the history of licensing. I'm proud to say that "I" was the "guy" who introduced and hyped the Ninja Turtles to the marketing genius behind Surge Licensing back in 1986. I helped to get him and Eastman and Laird talking and together they orchestrated the TMNT marketing phenomenon that lasted a decade. The rest, as they say, is history.

All good things must come to an end. Ironically, going mainstream killed the Ninja Turtles in the comic book and role-playing market. The Turtles were "kiddified" and turned into toys and cartoons for little kids. Consequently, few self-respecting teenagers or adults could look at the Turtles as anything other than Mickey Mouse's reptilian cousin, and stopped playing and buying. We estimate that over a million role-playing gamers played and loved the Ninja Turtle RPG for a decade, but the mass marketing of them to little children made them taboo and sales plummeted. At the turn of the new millennium we decided to let the Ninja Turtles license expire. This was entirely Palladium's decision. We love Kev and Pete. All the folks at Mirage Studio (where the Turtles were born) have always been fantastic. It was just time to let the Turtles go. We had them for 16 years, I can not think of any RPG company other than Chaosium with *Call of C'thulu*, who has kept any license as long as Palladium has kept the **Teenage Mutant Ninja Turtles®** or **Robotech®**. Saying good bye to the TMNT was like saying good bye to an old friend.

For the record, Palladium Books sold over 165,000 copies of just the TMNT RPG alone. That sales figure does not include the dozen supplements, each of which of which has sold in the tens of thousands. Don't forget, mutant animals and **After the Bomb®** are still found in **Heroes Unlimited™** and the **NEW, After the Bomb® Role-Playing Game**.

1986-2001: Robotech®

Robotech was another great license and a challenging project. For a while, I felt it was the best written (adapted) roleplaying game I had ever done. The game captures the excitement, atmosphere, and characters of the TV series and, at the same time, is easy for *new* gamers to play. Initial sales dwarfed those of the Ninja Turtles. Palladium was on a roll.

Richard Burke, a dear friend and onetime employee, was the guy who turned me on to **ROBOTECH®**. For months he

kept badgering me to watch this great new science fiction cartoon. It was epic, not for little kids, had great robot designs, strong characters, stronger story, and would adapt perfectly to the **Palladium Game System**. But I was buried under work (as always, it seems) and just kept saying, "Yeah, yeah I'll watch it one of these days."

Then, one day in April 1986, I did watch an episode. It was damn good. Twenty episodes later, I was 100% sold! I needed, not wanted, this license. "Rick! Why didn't you make me watch this show sooner!?" He just smiled knowingly.

I contacted *Harmony Gold*, the company that produced and licenses ROBOTECH[®], and finally spoke to their Vice President of Licensing. I made my pitch. It was good. The Vice President, cleared his throat and said something like, "You and your company sound perfect for this license, but I'm afraid I have some bad news." The bad news was that *Steve Jackson Games* had been negotiating for the ROBOTECH[®] license for the past few months. The VP of licensing expected a signed contract that very afternoon.

I was stunned. Jackson's a sharp guy. Why didn't I listen to Rick months earlier? As a reflex, I told the vice president to please call if Steve Jackson should turn it down. He assured me that the odds of that happening were slim and none. I hung up and banged my head against the wall. I was dying to do this game and I blew it by waiting too long. My wife and accomplice in publishing, stood in the doorway, unusually calm, while I stomped around the office shouting how stupid I was. She told me to knock it off (wives say stuff like that to their employers), and said, "Look, you're meant to get this one. I feel it. This licensing guy will call you back this afternoon, tell you that the deal fell through at the last minute, and offer you the ROBOTECH[®] license." My response to that wild theory was a whimpering, "You're crazy!"

Later that same afternoon, the Vice President called back to say that the deal fell through at the last minute and that if I still wanted it I could have it. I snapped it up, and six months later, published Palladium Books' **Robotech[®] the RolePlaying Game** (Book One: Macross)! It quickly became our bestselling product to that date. Since its release in November of 1986, the **Robotech RPG[®]** has sold approximately 100,000 copies, and many of the supplements, **The RDF Manual**, **The Zentraedi**, **Southern Cross**, and **Invid Invasion**, have sold nearly 50,000 copies each.

After fifteen years we have decided to also let the Robotech[®] license go. It was a wild ride and we enjoyed every minute of it.

1988, Beyond the Supernatural[™], the first truly "contemporary" horror RPG

1988, Beyond the Supernatural[™] is released; coauthored by Randy McCall. It is the first "contemporary" horror RPG. The game looks at the supernatural and psychic powers in a unique light and offers a magic system that works in our modern world (ley lines). *Ken Rolston* wrote, in a review for **Dragon Magazine[®]**, that "parts" of the game borders on genius and equals, perhaps even exceeds, **Call of Cthulhu[®]** in some areas (although Cthulhu is still his personal favorite). The cover art is by the legendary *Richard Corben* and the interior art is by Steve Bissette.

Beyond the Supernatural[™] Second Edition! The old BTS was allowed to go out of print a couple year ago so I can do a new and improved, **Second Edition**. I have a lot of ideas for it and plan on providing more information and details for playing in the modern world, establishing paranormal investigation agencies (the Lazlo Agency being one of them) and other elements to better define the world of **Beyond the Supernatural[™]**. All or mostly all new artwork will be included too, although I think I may keep that gorgeous Richard Corben cover (not sure yet). I have been dying to work on this project, but other commitments and scheduling has prevented me from doing so. I "hope" to get it out by the end of 2001 or 2002.

1988, ROBOTECH II: The Sentinels[®] Videocassette

In a bold marketing move, Palladium "Books" released **ROBOTECH II: The Sentinels**® on video tape, shortly after the release of the **Sentinels roleplaying game**. This was a real personal triumph for several reasons.

1. I had wanted to see Sentinels released on videocassette for years. I had seen it myself during a visit to Harmony Gold and knew the fans would love it. Sentinels was an ill-fated TV project designed to continue the Robotech saga. Unfortunately, the project was never completed, but the first three episodes had been filmed and edited into a movie length feature. When the property became available we grabbed it.
2. The Sentinels project was an incredible business challenge. The production and marketing costs were three to five times that of a typical new roleplaying game. If we blew it, Palladium could lose a lot of money. Advertising, packaging, and marketing strategies had to be perfect.
3. No other roleplaying game company had ever tried to market video tapes, before or since.

Needless to say, the **ROBOTECH II: The Sentinels**® videocassette was a huge success (as was the RPG). Later, that success would lead to our securing the license to put the **ROBOTECH: The New Generation** and **ROBOTECH: Southern Cross** portions of the original ROBOTECH series on videocassettes for the first time EVER. This entrenched Palladium as a force in the Japanimation market for several years, and I would like to think helped to give birth to the Japanimation video market that exploded on to the scene a few years later. It was awesome.

1989 personal sorrow

On the business end, things at Palladium Books had reached new heights. Sales were going through the roof and we had released sourcebooks for all our lines. There was no stopping us now and **Rifts**® was only a year away.

Sadly, my mother passed away that July. She finally lost a long and debilitating battle with cancer. She was a brave and wonderful woman who was one of my best friends and confidants. She (and my dad) had supported my creativity and imagination for as long as I could remember. She took me and my brother to the museum and zoo and library all the time, showered us with tons of books, crayons, pencils, paper, comic books and other stuff that sparked our imaginations and made us wonder. She had the wisdom of Solomon when I needed it, and encouraged my every effort. She was truly a great and good lady. She is sorely missed by everyone who knew her.

1990, Rifts®

I had been kicking around the specific ideas for **Rifts**® for years, writing a little bit here, scribbling down a new idea there. The game was to be epic in scope and the culmination of everything I had been working on over the years. I wanted it to bring the Palladium Megaverse into focus in a spectacular way, and to show people that roleplaying was limited only by their imaginations. The game was originally called "Boomers" -- inspired by the Glitter Boy and his Boom Gun, because he was one of my first ideas. Today "Boomers" seems like a silly title and completely wrong for **Rifts**®, but that was the working title. As I developed the game more, I wanted a different title but couldn't come up with one. I was talking to Erick Wujcik one day, telling about "Boomers" and Rift this and Rift that, and summoning monsters from the Rifts®, and Rifting to other worlds, etc. and lamented that everything was coming together except for the title. Erick said, "How about Rift World." Nah, I said, that sounds too much like Larry Niven's (at the time new) novel Ring World. "Well, how about just plain, Rifts®?" And Rifts® it was.

Paradoxically, the basic ideas behind Rifts® go all the way back to my roots in gaming. The Palladium fantasy campaign (1979-1983) really had all the same elements as Rifts®. We had multidimensional travel, a dimensional nexus point ("the" tower), supernatural beings, gods, demons, dragons, a vampire kingdom, time travel and time travelers, interdimensional Rifts®, magic, psionics, robots (giant and human-size), cyborgs, automatic weapons, particle beam weapons, and even Martians! I don't think that I consciously realized all this as I was creating Rifts®, but

looking back at it, my early gaming ideas all snuck into it and gelled into something new and fun..

Only the handful of people directly involved in the creation of the **Rifts® Role-Playing Game** can have any idea of how hard we worked on the project. Its size and scope, both conceptually and in physical work, was astronomical. Six intense months of writing, designing, illustrating, layout, and promotion were spent on producing the physical game. Over three years of concept work had preceded it. Everything had to be perfect. The use of color art, the black and white illustrations, the designs, the layout, what ideas and characters went in and what did not. How best to illustrate the world of **Rifts®** in both pictures and words to make it all vividly alive constantly preyed on my mind. To put in 16-20 hour days were common for both Kevin Long and myself. Maryann, Thom and Alex all put in an herculean effort in their work on **Rifts®** and more importantly, handling much of the daily business routine to give me the time to write it. I go on at such length about how much work and energy went into **Rifts®**, not for sympathy or praise, but to make the point that it was a labor of love. Something to which we gave our all! Something special!!

When you publish a roleplaying game, or any creative work, the final product contains a little piece of every person involved in its creation. We do the work because we love it, but we never know whether anybody else will recognize or appreciate that work. We never know whether a product will be a hit or a miss. Oh, we may have our suspicion and our hopes, but you never really know until its done and in the public's hands. Then, all you can do is cross your fingers and wait.

The first printing of **Rifts®**, 10,000 copies, sold out in three weeks. We were stunned with delight. Our original predictions were that if the game was "hot," we should sell out 10,000 copies in three MONTHS. That would have been seen as a howling success. On top of that, we were getting a never ending flood of letters and calls praising **Rifts®**, and pleading for more. Now! This has made **Rifts®** all the more special to us, because you, the gaming public, and our fans, immediately showed us that you approved of what we had done. After years of planning and long months of exhausting labor, we finally knew that **Rifts®** had not only exceeded our wildest expectations, but struck a nerve with role-players too.

Does this sound corny? Or a bit melodramatic? Maybe, but that's how the Palladium staff and I feel (and I've been accused of being corny and melodramatic in the past, eh Jim?). We love what we do. We're proud of what we do, and we're delighted to know what we do is appreciated.

1992: The Big Move

Three things about 1992 stand out most in my mind, the **Rifts® RPG** line as a bonafide phenomenon, Palladium's **Robotech®** video tapes were selling like hot cakes (the RPG line was doing great too), and **we moved** from our small, cramped offices in Detroit to a comparatively massive office (5000 sq ft) and warehouse (17,000 sq ft), in Taylor, Michigan - a southwest suburb of Detroit.

Back in 1981, Palladium Books was the dining room (converted into my studio) and the back porch (storage) of my tiny Detroit house. By 1983, Palladium was renting a small warehouse (1200 sq ft) and by 1987 bought a 3500 square foot warehouse a few blocks from its offices.

From 1985 to November 1992, Palladium's *offices* were located in the upstairs flat (about 1400 sq ft) of Maryann's and my new home. We lived downstairs and worked upstairs. This was ideal for a while. No drive to work, separate address and utilities, low overhead, plus the house was a big, beautiful, two family home built in 1919 with large oak trim along the floor and ceiling, leaded glass windows and French doors. However, by 1990, we had outgrown both the office and warehouse.

We spent the next two years searching for the perfect, new "home" for Palladium Books. One promising prospect was seized by the bank before we could buy it. Another was tied up for months between feuding partners (one wanted to sell, while the other didn't), and several attractive buildings turned out to be built on top of toxic dumps. Finally, we discovered the place in Taylor. The general design was perfect for our needs and offered plenty of space to expand.

We took it!

1993: A year of transition and experimentation

We were adjusting to our new offices and increased overhead, and struggling with production schedules, while looking for new freelance and staff people.

Carl Macek's company Streamline, out bid Palladium for the rights to continue to produce **Robotech**[®] videocassettes, so our selling videocassettes of the TV episodes came to a sad end. Still, we made a killing while we had 'em, and we "were" actually a major force in creating the Japanimation video market in its early, formative days.

Miniatures, the noble experiment. We (well, Steve Sheiring and I) came up with the (not so) great idea of doing a line of miniatures for **Rifts**[®]. Unfortunately, our timing couldn't have been worse. We began production just as the market was turning from (questionably toxic) *lead* to safer and more expensive *pewter*. This meant we immediately ran into higher costs because we had make the minis in pewter. We also were having the miniatures designed out of house by freelancer sculptors and manufactured out of house by Rafm, all of which meant our minis cost 50-80% more than our competitors..

All sorts of scheduling and other problems arose at the same time that the miniature market was taking a dive. From what I understand, we sold good numbers (18002800 blisters in the first month of release), but nothing like what we were used to with our **Rifts**[®] books (9,000 to 15,000 copies sole in the first week). Perhaps needless to say, this grand idea languished, and after one year of production (20 different blister packs, nice stuff, many are still available), we had to cease production. We had hoped this would be temporary, and in fact, we have the "greens" for another half dozen or so packs that never saw production. Oh well, you know what they say about the "best laid plans of mice and men ..."

1994: The Card Craze Cometh!

By summer 1994, the *Collectible Card Game* (CCG) craze was in full swing. **Magic the Gathering**[®] had taken the gaming community by surprise and by storm! RPG manufacturers with glazed eyes from the phantom promise of making millions in cards, reduced their RPG production and turned to making card games.

For Palladium, this was an amusing time in some ways. Palladium Books was one of the few companies that didn't jump on the "card bandwagon". Our logic was simple: "We don't particularly care about card games, we love roleplaying games, so we'll just stick with what we love to do and know best." Enjoying what we do for a living has always been our first priority at Palladium (making money, and we make good money, has always been secondary). Life's just too damn frustrating, short and tough not to do something you love.

Consequently, we heard from other game manufacturers, distributors, store owners and gamers - hell, it seemed like everybody - that we were blind to the possibilities of cards, or stupid, or dinosaurs doomed to extinction, or all of the above.

We chuckled at the speculation of some (proclamations as fact by others) that roleplaying was dead (yeah, right).

Having a good market sense, and having seen "trends" like this in other markets come and go, we just smiled and quietly turned out attention to producing more and better RPGs. A strategy that has worked exceedingly well for Palladium. **Comics Retailer** (a trade magazine) and most distributors generally rank Palladium as the third largest RPG publisher; right behind TSR and White Wolf (we've been in the top 10 forever) and we plan to be around for a long, long time to come.

2001 Commentary: I wrote the "1994: The Card Craze Cometh" above, back in 1996. It's cool to be able to look back and see how well we predicted things. Since then, a lot of game companies, distributors and especially retail stores

rode the CCG high and suffered when the CCG market crashed. Very few game companies were able to keep their CCG alive for more than a year, and many games died still born. Of course, *Magic the Gathering* remains popular, *Pokemon* rocketed on to the scene like a blazing comet before it burned out, and a number of CCGs and their manufacturers have been successful and continue on happily. Although the mad frenzy over Collectable Card Games has come to an end (at least until the next big game rockets to prominence), the CCG market is a viable one that will hang around. It is, after all, fun and different. Another avenue of game playing as valid and viable as board games, war games, traditional card games, RPGs, and scores of others.

Of course, role-playing games never went the way of the dinosaurs and Palladium's games remain extremely popular. We are glad we stuck with role-playing games, and we did a lot of exciting products during the CCG mania, including **Palladium Fantasy RPG® Second Edition** (1997), **Heroes Unlimited™ RPG Second Edition** (1998), launching **The Rifter®** sourcebook series (1998), **Rifts®** Novels, **Systems Failure™ RPG** (1999), **Century Station™** (for HU2), **The Coalition Wars Rifts®** series, and new sourcebooks for most of our lines.

2000: 20th Year Anniversary!

2000 was **Palladium Books'** 20th anniversary. It doesn't seem possible that we've been around for 20 years, but it's true. We had a great time celebrating at **Gen Con® 2000** and spread the fun with posters, dice bags, tote bags, and other goodies celebrating the fact tossed into the *2000 X-Mas Surprise Package* (some are still available). We also celebrated by producing a "hard bound" edition of **Heroes Unlimited™ (Second Edition) RPG**; a signed and numbered gold edition limited to 600 copies.

The Shape of Things to Come

I have three big goals for the future of Palladium Books®.

One, is it to get many of the long-time projects that have been talked about for years, done! Titles like, **Beyond the Supernatural™ Second Edition**, **Mechanoid Space™**, **The Nursery™**, **Wolfen Wars™**, **the Old Kingdom™** books and a number of others. I want them out and in the store over the two years.

Two, to produce sourcebooks on a regular basis for ALL our product lines, namely **Rifts®**, **Palladium Fantasy RPG®**, **Heroes Unlimited™**, **After the Bomb®** and after they are relaunched, **Mechanoid Space™** and **Beyond the Supernatural™** too. With a little luck, maybe a book or two for **Ninjas and Superspies™** too. Writers like Bill Coffin, Erick Wujcik and talented freelancers will help us do just that.

Three, to explore exciting new ideas for our established lines to keep them fresh and exciting as well as new ideas for bold new avenues of adventure. Games and sourcebooks as imaginative, different and fun as ever. Cutting edge ideas, imagination, dynamic artwork, quality and fun have always been Palladium's hallmarks. We plan on keeping it that way.

Here are just some of the books we have in the works for our main lines:

Rifts®

Rifts® continues to be megahot. We plan to release at least *six* new **Rifts®** products in 2001 and finish the **Coalition Wars™: Siege on Tolkeen** six part series. We have some great ideas and a few surprises that should delight and tantalize our new and long-time fans alike. Here's some of what's planned: **Coalition Wars™ 5: Shadows of Evil** (February 28, 2001), **Coalition Wars™ 6: Final Siege** (April or May, 2001), **Rifts® Australia 2 & 3** (Summer 2001), **Rifts® Africa**, **The Rifter® Sourcebook series** and maybe, just maybe **The Rifts® Game Master Guide** (summer or fall 2001)

Rifts® after 2001 -- we have nothing actually scheduled yet for what will come after 2001, but we are exploring all kinds of ideas. Perhaps a **Chi-Town Sourcebook™**, **The Chi-Town 'Burbs™**, **Lemuria™** (finally), **Northern Gun™**, **Lazlo™**, **Rifts® China™**, **Rifts® Japan 2™**, and all kinds of things. There are a lot of people, places and conflicts to left to explore. Its just a question of who or what first.

Rifts® Movie, toys, computer games and other mass market avenues are open and constantly being explored by Palladium and its agent at Surge Comic Properties. Actually, we have turned down numerous proposals for computer games and have even spent time *trying* to negotiate film rights, but nothing has panned out. Like I said earlier concerning CCGs, we won't license **Rifts®**, **The Mechanoids®**, **Palladium Fantasy®**, **Heroes Unlimited™** or any of our intellectual properties to just any Tom, Dick or Harry. It has to be somebody who will do the property justice, and try to capture the elements and characters that make it unique and fun. We want good products not just quick junk to make a fast buck. The business part of the deal has to make sense too, so we look, talk and wait, but there are some undercurrent of things brewing. If they turn into something over the next year or two, our fans will be the first to know.

2001: Precedence Entertainment® does Rifts® CCG

As I have said, "role-playing games" is what Palladium Books knows and loves, so you will NOT see us trying to make and distribute any Collectable Card Games. However, that does not mean we aren't open to *licensing* the rights to somebody else. In fact, we had been contacted by a number of companies when the CCG craze hit, to let them license a **Rifts®** for a CCG (computer games too). Unfortunately, we didn't feel comfortable with any of them, so we turned 'em all down.

Palladium Books believes we need to insure quality and a reasonably good and loyal *adaptation* of **Rifts®** (or any of our games) for any product we might license to a third party. A lot of the people who contact us want to change, corrupt or pollute the fundamental concepts, characters and fun aspects of our role-playing games, so we are hard cases and turn a lot of folks away. So we were pretty surprised when **Precedence Entertainment** approached us about doing a **Rifts® CCG**. We skeptical at first, but man, these guys new the **Rifts® RPG** and were willing to follow **Rifts®** as closely as possible. We were sold and contracts were signed.

Precedence is doing the card game, NOT Palladium Books. However, Palladium has reasonable approval on EVERYTHING, the Precedence people have been working closely with us to get details right, and the sketches for paintings that I have approved looks fantastic! Now remember, I haven't seen the final paintings yet, and some artists are better than others, but for the most part I have been very pleased and impressed. Plus some of the artist on the job include Palladium's own *John Zeleznik*, *Ramon Perez*, *Scott Johnson*, *Freddie Williams II*, and *Joachim Gmoser*. Not to mention *Dave Martin* and some other talented ladies and gents.

Personally, as cool as the artwork may look and exciting as the ideas for the game are, I'm just not into CCGs, so if I have time to play something it's going to be the *role-playing game*. However, I think it will be great to have the CCG. Just because you or I may not be into CCGs, doesn't mean tens of thousand of CCG players might not love a **Rifts® CCG!** I think it's cool that **Rifts®** is being translated into another type of gaming medium. Thousands of people who might never otherwise discover and enjoy **Rifts®** will have their chance to do so. There's just nothing bad about that. Meanwhile, role-players can count on Palladium Books continuing to produce more fun RPGs sourcebooks for **Rifts®** and all our lines. That's the beauty of a "license," somebody else does most of the work leaving us to do what we love to do most.

That's it for now. Keep an eye on us, stay in touch, and keep those imaginations burning! We always appreciate constructive comments and suggestions, and you can count on all of us at Palladium to keep doing the best games and sourcebooks we can muster.

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